

**GST ARTICLE****Quarterly Return Monthly Payment Scheme (QRMP) - New Facelift**

**CA Archana Jain & CA Navjot Singh**  
**TaxTru Business Advisors LLP**



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**A. Exordium**

The Central Board of Indirect Taxes & Customs (CBIC) vide [Circular No. 143/13/2020-GST](#)

**dated 10th November 2020** introduced Quarterly Return Filing and Monthly Payment of Taxes (QRMP) scheme under Goods and Services Tax (GST) to help small taxpayers whose turnover is less than Rs.5 crores. This is a welcome step towards the goal of increasing "Ease of Doing Business" The QRMP scheme allows the taxpayers to file GSTR-3B every quarter and pay tax every month. This will make 8 returns in total for a small taxpayer. Various notifications were issued to implement the QRMP Scheme. ([Notification No. 81/2020](#), [82/2020](#), [84/2020](#), [85/2020 - Central Tax](#), dated 10.11.2020.).

**The effective date for this scheme is commencing from 01.01.2021.**

**B. Eligibility for the Scheme:**

- A registered person who is required to furnish a return in FORM GSTR-3B, and who has an aggregate turnover of up to 5 crore rupees in the preceding financial year, is eligible for the QRMP Scheme.
- The aggregate annual turnover for the preceding financial year shall be calculated in the common portal taking into account the details furnished in the returns by the taxpayer for the tax periods in the preceding financial year.
- Further, in case the aggregate turnover exceeds 5 crore rupees during any quarter in the current financial year, the registered person shall not be eligible for the Scheme from the next quarter.

**Exercising option for QRMP Scheme**

- A registered person can opt-in for any quarter from the first day of the second month of the preceding quarter to the last day of the first month of the quarter.
- Facility to avail the Scheme on the common portal would be available throughout the year to facilitate the taxpayer for easy opt-in.

- It is important to note that to exercise this option, the registered person must have furnished the last return, as due on the date of exercising such an option.

***For example, A registered person intending to avail of the Scheme for the quarter 'July to September' can exercise his option from the 1st of May to 31st of July. If he is exercising his option on 27th July for the quarter (July to September), in such case, he must have furnished the return for June which was due on 22/24th July.***

Similarly, the persons who have obtained registration during any quarter or the registered persons opting out from paying tax under composition scheme during any quarter shall be able to opt any time between 1st May to 31st July for July to Sep Quarter (first day of the second month of preceding quarter to the last day of the first month of the quarter).

Registered persons are not required to exercise the option every quarter. Where such option has been exercised once, they shall continue to furnish the return as per the selected option for future tax periods, unless they revise the said option.

### **C. Default Migration for the first quarter of the Scheme:**

It has been decided that for the first quarter i.e., January 2021 to March 2021, the registered persons having turnover up to Rs 5 cr and who has furnished the return in **FORM GSTR-3B** for **October 2020 by 30th November 2020**, shall be migrated on the common portal as indicated below:

<b>S. No.</b>	<b>Class of registered person having aggregate turnover</b>	<b>Default Option</b>
1	Registered persons having an aggregate turnover of up to 1.5 crore rupees who have furnished <b>FORM GSTR-1 every quarter in the current financial year</b>	<b>Quarterly return</b>
2	Registered persons having an aggregate turnover of up to 1.5 crore rupees who have <b>furnished FORM GSTR-1 on monthly basis in the current financial year</b>	<b>Monthly return</b>
3	Registered persons having an aggregate turnover of more than 1.5 crore rupees and up to 5 crore rupees in the preceding financial year	<b>Quarterly return</b>

**The taxpayers who have not filed their return for October 2020 on or before 30th November 2020 will not be migrated to the Scheme.** They will be able to opt for the Scheme once the FORM GSTR-3B as due on the date of exercising option has been filed.

The registered persons opting for the Scheme would be required to furnish the details of an outward supply in FORM GSTR-1 quarterly as per rule 59 of the CGST Rule.

For each of the first and second months of a quarter, such a registered person will have the facility (**Invoice Furnishing Facility- IFF**) to furnish the details of such outward supplies to a registered person, as he may consider necessary, between the 1st day of the succeeding month till the 13th day of the succeeding month. The said details of outward supplies shall, however, **not exceed the value of fifty lakh rupees** in each month. It may be noted that **after the 13th of the month, this facility for furnishing IFF for the previous month would not be available.** The facility of furnishing details of invoices in IFF has been provided to allow details of such supplies to be duly reflected in **the FORM GSTR-2A and FORM GSTR-2B of the concerned recipient. This facility will help the taxpayer to show partial supplies for the recipient who desires to avail ITC in that month itself. (same clarified in the Circular No. 143/13/2020- GST dated 10th November 2020, Example for Para 5.2).**

Further, this facility is **not mandatory and is only an optional facility** made available to the registered persons under the QRMP Scheme. The details of invoices furnished using the said facility in the first two months are not required to be furnished again in FORM GSTR-1. At the same time, a registered person may choose to furnish the details of outward supplies made during a quarter in FORM GSTR-1 only, **without using the IFF.**

#### **D. Monthly Payment of Tax**

The registered person under the QRMP Scheme would be required to pay the tax due on monthly basis in each of the first two months of the quarter.

The Form 'PMT 06' is required to be used for tax payment. The due date of the tax payment is the 25th of the succeeding month. While generating the challan, taxpayers should select **"Monthly payment for the quarterly taxpayer"** as a reason for generating the challan.

#### **E. Method to calculate Monthly payment of Tax:**

The taxpayer is free to choose any of the following two options provided below for monthly payment of tax during the first two months -

**Fixed Sum Method:** A taxpayer who has furnished a quarterly return in the preceding quarter can opt to pay 35% of the tax paid in cash in the preceding quarter.

For easy understanding, the same is explained by way of illustration in the table below:

Tax paid in Cash in Quarter (January - March 2021)		The tax required to be paid in each of the months - April and May 2021	
CGST	100	CGST	35
SGST	100	SGST	35
IGST	500	IGST	175
CESS	50	CESS	17.5

In case, the registered person has furnished a monthly return, he can opt to pay an amount equal to the tax paid in the last month of the preceding quarter. The last return filed was monthly for the tax period of March 2021.

Tax paid in Cash in Quarter (January - March 2021)		The tax required to be paid in each of the months - April and May 2021	
CGST	50	CGST	50
SGST	50	SGST	50
IGST	80	IGST	80
Cess		Cess	0

#### **F. Restrictions:**

Monthly tax payment through this method would not be available to those registered persons who have not furnished the return for a complete tax period preceding such month. A complete tax period means a tax period in which the person is registered from the first day of the tax period till the last day of the tax period.

#### **G. Self-Assessment Method:**

The registered person can pay the tax due by considering the tax liability on inward and outward supplies and the Input Tax Credit available.

To facilitate ascertainment of the ITC available for the month, an auto-drafted input tax credit statement has been made available in FORM GSTR- 2B, for every month.

The said registered person is free to avail of either of the two tax payment methods above in any of the two months of the quarter.

#### **H. No Requirement for tax deposit**

In case the balance in the electronic cash ledger and/or electronic credit ledger is adequate for the tax due (for the first month or cumulative dues in the second month) or where there is a nil tax liability, the registered person may not deposit any amount for the said months

#### **I. Refund Claim**

Any claim of refund in respect of the amount deposited for the first two months of a quarter for payment of tax shall be permitted only after the return in FORM GSTR-3B for the said quarter has been furnished. **Further, this deposit cannot be used by the taxpayer for any other purpose till the filing of return for the quarter.**

#### **J. Quarterly filing of FORM GSTR-3B**

The registered persons would be required to furnish FORM GSTR-3B, for each quarter, on or before the 22nd or 24th day of the month succeeding such quarter. In FORM GSTR-3B, they shall declare the **supplies made during the quarter, ITC availed during the quarter, and all other details** required to be furnished therein.

The amount deposited by the registered person in the first two months shall be debited solely to offset **the liability** furnished in that quarter's FORM GSTR-3B.

However, any amount left after the filing of that quarter's FORM GSTR-3B **may either be claimed as a refund or may be used for any other purpose in subsequent quarters.**

In case of **cancellation of registration** of such person during any of the first two months of the quarter, he is **still required to furnish the return** in FORM GSTR-3B for the relevant tax period.

#### **K. Applicability of Interest**

No interest would be payable in case the tax due is paid in the first two months of the quarter by way of depositing an auto-calculated fixed sum amount by the due date.

In case such payment of tax by depositing the system calculated amount **in FORM GST PMT-06** is not done by the due date, interest would be payable at the applicable rate, from the due date of furnishing **FORM GST PMT-06** till the date of making such payment.

Further, in **case of FORM GSTR-3B** for the quarter is furnished beyond the due date, interest would be payable **as per the provisions of Section 50 of the CGST Act for the tax liability net of ITC.**

**Illustration 1** - A registered person, who has opted for the Scheme, had paid a total amount of Rs. 500/- in cash as tax liability in the previous quarter of October to December.

He opts to pay tax under the **fixed sum method**. He, therefore, pays Rs. 165/- each on 25th February and 25th March for discharging tax liability for the first two months of quarter viz. January and February.

In his return for the quarter, it is found that liability, based on the outward and inward supplies, for January was Rs. 170/- and for February it was Rs. 178/-.

No interest would be payable for the lesser amount of tax (i.e. Rs. 5 and Rs. 13 respectively) discharged in these two months provided that he discharges his entire liability for the quarter in the **FORM GSTR-3B** of the quarter by the due date.

**Illustration 2** - A registered person, who has opted for the Scheme, had paid a total amount of Rs. 500/- in cash as tax liability in the previous quarter of October to December. He opts to pay tax under the fixed sum method.

He, therefore, pays Rs. 135/- each on 25th February and 25th March for discharging tax liability for the first two months of quarter viz. January and February.

In his return for the quarter, it is found that total liability for the quarter net of available credit was Rs. 325 but he files the return on 30th April.

Interest would be payable at the applicable rate on Rs. 55 [Rs. 325 - Rs. 270 (Cash ledger)] for the period between the due date of quarterly GSTR 3B and 30th April.

#### **L. Interest application Under Self-Assessment Method.**

The interest will be applicable as follows if the taxpayer opts for **Self-Assessment Method (SAM)**:

- The taxpayer has to pay interest @ 18% on the net tax liability which remains unpaid or paid beyond the due date for the first two months of the quarter.
- **It is important to note that the taxpayer has to pay an interest of @18% if there is any late payment of tax in the third month of a**

***quarter. This is applicable irrespective of the Fixed Sum Method (FSM) or Self-Assessment Method (SAM).***

### **M. Applicability of Late Fee**

Late fee is applicable for delay in furnishing of return/details of outward supply as per the provision of Section 47 of the CGST Act. As per the Scheme, the requirement to furnish the return under the proviso to sub-section (1) of Section 39 of the CGST Act is quarterly. Accordingly, a late fee would be application for delay in furnishing of the said quarterly return/details of outward supply.

**It is clarified that no late fee is applicable for delay in payment of tax in the first two months of the quarter.**

### **Authors' Comments**

This scheme (QRMP) is no doubt is a welcoming move that will provide more flexibility with regards to the compliance part for small taxpayers. Further, this may prove as a blessing in disguise for the large players who are currently losing credits due to non-reflection of entries in GSTR-2A since many suppliers are filing GSTR 1 quarterly.

Therefore, it seems that it may help the small taxpayer to grow his business, and also the large tax recipient can easily work with quarterly filers without delaying their eligible credit due to proper reflection of the same in their GSTR 2A, hence we can say that scheme may prove beneficial to all provided the same is being implemented without technical glitches.

Now in respect with MSMEs, there is a problem with respect to payment, as the payment for the invoices supplied to corporates can be delayed from 90 to 120 days. These invoices are paid by the companies after the ITC occurs and are registered through GSTR 2A.

Most of them pay less GST for the bills, and pay the pending GST amount after it appears in GSTR 2A it means after MSMEs file the GSTR 1 thus blocking the working capital of MSMEs for three months.

We are quite optimistic that, the government will be addressing such issues expediently. (Though, this is too much of optimism, we know!)

Feel free to reach authors at [contact@taxtru.in](mailto:contact@taxtru.in)/ +91 99533 57999

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*(The views expressed in this article are strictly personal)*